



26 February 2024

Dear option holder

**Notice about non-renounceable rights offer – options exercise price may be adjusted**

Island Pharmaceuticals Limited ACN 641 183 842 (**Company** or **Island**) announced today that it is undertaking a non-renounceable pro-rata entitlement offer of **2 new Shares for every 5 Shares** held at the Record Date of 7.00pm on Thursday, 29 February 2024 (**Record Date**), at an Issue Price of \$0.06 (6 cents) per new Share (**Entitlement**), plus 1 'New Option' to purchase 1 Share for every 'New Share' issued under the offer (with the right to be issued with piggy back options, being 1 further option for every New Option exercised within 3 months of the date on which the offer closes (with an exercise price of \$0.06 and expiry date of 12 months from the closing date of the offer), (collectively, **Offer**) to raise a up to approximately \$1.95 million (before costs), the maximum being on the basis that no more than approximately 32,507,388 (subject to rounding) New Shares will be issued pursuant to the Offer (other than any Shares issued on the exercise of the New Options or piggy back options). The Offer is fully underwritten by PAC Partners Securities Pty Limited ACN 623 653 912.

There are currently on issue 81,268,468 fully paid ordinary shares, all of which are quoted on ASX and 9,770,268 unquoted options over ordinary shares. Assuming the Offer is fully subscribed and there is no other change to the issued share capital, 32,507,388 new fully paid ordinary shares and 32,507,388 options will be issued (subject to rounding of fractional entitlements) raising approximately \$1.95 million, before costs. As a result, Island's total number of issued shares will increase to 113,775,856 fully paid ordinary shares (subject to rounding of entitlements) all of which will be quoted on ASX. Once issued, the new shares issued under the Offer will rank equally with all other fully paid ordinary shares then on issue.

The funds raised under the Offer (after payment of expenses in connection with the Offer) will be used in order to:

- Analysing data from Phase 1 dose escalation study;
- Preparation for Phase 2 clinical trial (PEACH study) including submissions and discussions with FDA; and
- The Company's business development activities, working capital, corporate activities, and offer costs.

A Prospectus in relation to the Offer has been given to ASX and is available to view on the ASX website and Island's website at [www.islandpharmaceuticals.com](http://www.islandpharmaceuticals.com). Further details regarding the Offer have also been announced to the ASX and are available on ASX's website.

Details of how to obtain a copy of the Prospectus, together with a personalised entitlement and acceptance form, will be dispatched to all eligible shareholders by 5 March 2024. Shareholders with registered addresses outside Australia and New Zealand are not eligible to participate in the Offer.

**The Offer closes at 5:00 pm (Melbourne time) on Thursday, 14 March 2024.**

The following is an indicative timetable for the Offer:

<b>Indicative Timetable<sup>1</sup> Event</b>	<b>Date</b>
Lodgement of Prospectus with ASX and ASIC	26 February 2024
Record Date	29 February 2024
Dispatch of Prospectus and Offer opens	5 March 2024
Closing of Offer	14 March 2024
Allotment and issue of New Shares and New Options under Offer	21 March 2024
Expected normal trading of New Shares under Offer	22 March 2024
Right to be issued Piggy Back Options lapses (if New Options are not exercised)	5.00pm (AEST) on 14 June 2024 <sup>2</sup>

<sup>1</sup> Dates / times are indicative and subject to change. All times / dates are in reference to Australian Daylight Savings Time

<sup>2</sup> If the Closing Date is extended, the date which is 3 months from the Closing Date

These dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act and the ASX Listing Rules, to change any date including to extend the closing date of the Offer, to close the Offer early, to accept late acceptances either generally or in particular cases, or to withdraw or reduce the size of the Offer without notice. Any extension of the closing date will have a consequential effect on the issue date of new shares.

### *Options*

As the holder of options you may be entitled to exercise some of your options and thereby acquire the underlying ordinary shares before the record date for the Offer so that you can participate in the Offer. The option terms do not otherwise permit holders to participate in the Offer.

However, even if you elect not to exercise your options (or you are not permitted to do so as a result of the existing vesting conditions) the terms of your options do provide for an adjustment in their exercise price according to a formula based on rule 6.22.2 of the ASX Listing Rules. The exercise price adjustment takes effect upon issue of the shares offered under the Offer and is, in part, dependent on the difference between the price under the Offer and the volume weighted average closing price of Island's ordinary shares sold on ASX for the 5 trading days ending on the day before the 'ex date' for the Offer (and the 'ex date' will be **28 February 2024**). Accordingly, that market price will be determined after the 'ex date' and if there is any change to the exercise price of any of your options, Island will notify you and ASX of the change in accordance with rule 3.11.2 of the ASX Listing Rules.

If you have any query or question about the Offer, please contact Cameron Jones, Island's company secretary at [cameron.jones@bio101.com](mailto:cameron.jones@bio101.com) or for any other registry related matters contact Island's share registrar as follows:

### **Automic Registry Services**

Email: [hello@automicgroup.com.au](mailto:hello@automicgroup.com.au)

Address: Level 5/126 Phillip St, Sydney NSW 2000

Phone: 1300 288 664 (within Australia), or +61 2 9698 5414 (international) between 8:30 am and 5:00 pm (Melbourne time) Monday to Friday.

Yours faithfully



**Cameron Jones**  
Company Secretary